

Center for International Development

at Harvard University



<http://www.cid.harvard.edu>

The Growth Lab

Sustained economic growth is the single most important determinant of persistent increases in living standards and reductions in poverty. The large income differences between the richest countries and the poorest countries today, which stand at a ratio of 70 to 1, and the massive incidence of poverty worldwide is the consequence of the inability of poor countries to achieve sustained growth.

While progress has been made over the past 50 years in our understanding of the growth process, policymakers have been largely unable to adequately diagnose the constraints to growth in specific country settings and to design solutions that are well suited to the existing economic and institutional conditions of each country. In fact, the difficulties in triggering growth in spite of significant policy reforms in some countries and the surprising acceleration of growth in others with more limited reform efforts has uncovered the limitations of what had become the conventional approach to policymaking since the 1980s. This experience has revealed the limitations of the set of ideas that were used to adopt a growth-oriented policy-reform agenda but has yet to create the grounds for a new set of tools to inform the policy process.

Building on recent advances made by the so-called new growth theories, and by the empirical studies spurred by these theories, the Growth Lab will draw from its academic research and from its country-specific activities to further understand:

- 1) What social and economic processes determine the speed of productivity improvements and technology adoption, and how these differ depending upon the institutional environment of a society and its level of technological or financial development;
- 2) How to identify in practical settings the most important constraints on growth when many aspects of an economy are distorted, and how to identify interventions that can relax these constraints given the political and social environment; and
- 3) What kinds of institutional processes can create a political capacity to identify and address opportunities and obstacles dynamically.

To make progress in these areas, the Growth Lab:

- Encourages basic theoretical and empirical research on the determinants of growth and its social, political and environmental sustainability.
- Improves the diagnostic tools and techniques with which economic analysis and assessments are made.
- Improves access to new datasets that can extend the research frontier.
- Provides collective advice to selected countries, which should be research-motivated and research-driven, and therefore lead to new work on development policy formulation.
- Diffuses our research and work through the CID Working Paper Series and other publications.

In addition, the Growth Lab :

- Selects and attracts academics and policy makers from abroad (including those from our countries of operation) to come and spend time at CID as Research Fellows. This will allow us to learn from them and allow them to work with us, in addition to getting acquainted with frontier research and policymaking.
- Organizes conferences that mix a theme focus with a country focus, which facilitates interaction between policymakers and researchers.

Faculty Participants

Philippe Aghion (co-chair), Harvard University
Ricardo Hausmann (co-chair), Harvard University
Dani Rodrik (co-chair), Harvard University
Daron Acemoglu, MIT
Laura Alfaro, Harvard University
Manuel Amador, Harvard University
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Olivier Blanchard, MIT
Ricardo Caballero, MIT
Mariana Colacelli, Columbia University
Diego Comin, NYU
Rafael Di Tella, Harvard University
Esther Duflo, MIT
William Easterly, NYU
Jeffrey Frankel, Harvard University
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James Levinsohn, University of Michigan
Dan Levy, Harvard University
Roberto Rigobon, MIT
James Robinson, Harvard University
Francisco Rodríguez, UNDP
Kenneth Rogoff, Harvard University
Christopher Stone, Harvard University
Federico Sturzenegger, Harvard University
Robert Solow (invited), MIT (Emeritus)
Debora L. Spar, Barnard College
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Michael Walton, Harvard University
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